



PATRICK OGAWA
ACTING EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

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500 WEST TEMPLE STREET, ROOM 383
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MEMBERS OF THE BOARD

HILDA L. SOLIS
MARK RIDLEY-THOMAS
SHEILA KUEHL
DON KNABE
MICHAEL D. ANTONOVICH


ADOPTED

July 14, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

10 July 14, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**APPROVE THE RECOMMENDATION OF THE HEARING OFFICER REGARDING THE PETITION
TO RESCIND THE SALE OF TAX-DEFAULTED PARCELS, ASSESSOR IDENTIFICATION
NUMBERS (AINS) 5665-015-006 AND 5665-015-007, 736-798 LURING DRIVE, GLENDALE 91206
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

The above-referenced parcels of real property were sold at the 2013A Public Auction of Tax Defaulted Property held on October 21, 2013, by the County Treasurer and Tax Collector (TTC). Subsequently, an attorney for the beneficiary on the deeds of trust petitioned your Board to request that the sales be rescinded.

Pursuant to California Revenue and Taxation (R&T) Code section 3731, a hearing was conducted on June 3, 2015, before the appointed Hearing Officer.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the recommendation in the attached report from the Hearing Officer to rescind the sale of AINs 5665-015-006 and 5665-015-007.
2. Instruct the Executive Officer to notify the Assessor and the other parties to the sale that the sale will be rescinded and the purchase price refunded to the purchaser of the parcel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommendation of the Hearing Officer in this matter keeps the County in compliance

with the relevant sections of the R&T Code.

Implementation of Strategic Plan Goals

The recommendations are consistent with the principles of County Strategic Plan Goal No. 1 (Operational Effectiveness), by providing the petitioners seeking to rescind tax sales with an Executive Officer-appointed Hearing Officer; and Goal No. 4 (Fiscal Sustainability), by avoiding unnecessary and potentially costly legal proceedings.

FISCAL IMPACT/FINANCING

The fiscal impact resulting from the approval of the Hearing Officer's recommendation will require the County to:

- 1) Return the subject parcels to the owner of record at the time of the 2013A Tax Sale.
- 2) Refund the purchaser in the amount of \$ 14,018.40 for both parcels plus interest in the amount of \$159.19, for a total of \$14,177.59.

The interest amount is a net county cost and is calculated based on the County pool apportioned rate for the time period starting on the date of the purchase and ending on the date of the rescission recordation as specified in R&TC sections 3731(c) and 5151.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Revenue and Taxation Code section 3725 provides for a proceeding based on alleged invalidity or irregularity of any proceedings instituted under the chapters governing sale of tax-defaulted property.

The request referenced in this letter meets the statutory guidelines and accordingly required that the Board of Supervisors conduct, or cause to be conducted through an appointed Hearing Officer, a hearing on the matter.

The hearing having been conducted, and a recommendation from the Hearing Officer received, your Board is now required to accept or reject the recommendation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact.

The Honorable Board of Supervisors

7/14/2015

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Patrick Ogawa". The signature is fluid and cursive, with a long horizontal stroke at the end.

PATRICK OGAWA

Acting Executive Officer, Board of Supervisors

PO:sg

Enclosures



PATRICK OGAWA
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June 9, 2015

Patrick Ogawa, Acting Executive Officer
County of Los Angeles, Board of Supervisors
500 W. Temple Street
Los Angeles, CA 90012

Dear Mr. Ogawa:

Re: HEARING FOR PETITION TO RESCIND AINs 5665-015-006 AND 5665-015-007

The Treasurer and Tax Collector has the power to sell nonresidential commercial property that has been delinquent for three or more years and residential property that has been delinquent for five or more years.

The Assessor's Identification Numbers (AINs) 5665-015-006 and 5665-015-007 were sold at the 2013A County Public Auction of Tax Defaulted Property on October 21, 2013. The deeds were then recorded on December 17, 2013. On October 22, 2014, David R. Krause-Leemon, on behalf of Allstate Financial Group (Allstate), timely filed a petition with the Board of Supervisors pursuant to Revenue and Taxation Code (R&TC) section 3725 to request a rescission of the sale of AINs 5665-015-006 and 5665-015-007, which are parcels located at 736-798 Luring Drive, in Glendale, CA 91206. The Executive Office subsequently received notice that John Peterson, Bankruptcy Trustee, would be representing Allstate's interest in this matter, and Mr. Krause-Leemon would no longer be involved.

Pursuant to R&TC section 3731, I served as Hearing Officer to hear arguments for and against rescission of AINs 5665-015-006 and 5665-015-007 on behalf of the Board of Supervisors on June 3, 2015. Mr. Peterson was not able to attend the hearing and participated by telephone. I heard testimony from Mr. Peterson, representing the petitioner, Allstate; David Youssefyeh, attorney for the purchaser, David Moradzadeh, who was also present; and Sayuj Panicker, Deputy County Counsel representing the Treasurer and Tax Collector (TTC). Also present in the hearing were Emily Issa, Senior Associate County Counsel representing the Board of Supervisors, and TTC employees, Keith Knox, Kathy Gloster, and Ken Press. I reviewed documents provided by Mr. Krause-Leemon and Mr. Panicker. Mr. Youssefyeh, Mr. Moradzadeh and Mr. Peterson offered no documentary evidence in support of their positions.

Mr. Peterson stated that he would rely on the documents provided by Mr. Krause-Leemon, which indicate that Allstate is a party of interest pursuant to R&TC section 4675 as the beneficiary of the deeds of trust and it did not receive proper notice of the proposed sale of AINs 5665-015-006 and 5665-015-007, so the properties should not have been sold at auction. Mr. Peterson stated he had nothing further to add.

Mr. Youssefeyeh stated that Allstate had no standing in this matter and pointed to an entry on one of Mr. Krause-Leemon's documents that referred to different AIN numbers. Mr. Krause-Leemon had subsequently provided a corrected deed, which was provided to Mr. Youssefeyeh and Mr. Moradzadeh during the hearing.

Mr. Youssefeyeh also contended that the petition was filed by the wrong party and stated it should have been filed by the bankruptcy estate. Mr. Peterson clarified that the bankruptcy case was filed in January 2015; after the petition to rescind was filed. Mr. Peterson stated that the bankruptcy estate succeeds the debtor in any action pending, such as in this petition for rescission. Mr. Youssefeyeh further stated that Allstate did not update its records to keep the County apprised of new information. He countered Mr. Krause-Leemon's written argument that evidence of items returned as undelivered were returned in sufficient time for the County to have provided notice. According to Mr. Youssefeyeh, there was no evidence of the dates of return.

Mr. Panicker, speaking for the TTC, stated that while notices were mailed to parties of interest listed on the parties of interest report obtained by TTC, it did not obtain a mailing address for which to send a notice to Allstate. Allstate was listed as a party of interest as the beneficiary of the deed of trust; however, no last known mailing address for Allstate was researched or investigated by TTC. Mr. Panicker also stated that it is the duty of TTC to comply with R&TC section 3701 by making a reasonable effort to obtain the name and last known mailing address of parties of interest. He said the TTC did not search for a new address for Allstate when notices sent to it were returned to the TTC as undeliverable. According to Mr. Panicker, TTC should have further investigated Allstate's address. Mr. Panicker stated that TTC recommends rescission.

The purchaser, Mr. Moradzadeh, disagreed with Mr. Panicker's statement and said that TTC had made a "herculean" effort, based on the stack of returned envelopes.

Recommendation

TTC did not make a reasonable effort to obtain the last known mailing address of Allstate and did not provide notice to Allstate, an interested party because it was listed as a beneficiary of the deed of trust. Due to this error, the notice was defective per R&TC section 3701. As a result, AINs 5665-015-006 and 5665-015-007 should not have been sold at the 2013A County Public Auction of Tax Defaulted Property on October 21, 2013. Therefore, I recommend the sale of AINs 5665-015-006 and 5665-015-007 be rescinded.

Please let me know if you have any questions.

Sincerely,



Sharon Ryzak
Hearing Officer

c: Emily Issa